



Patrick W. Henning, Director

November 17, 2009
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Arnold Schwarzenegger
Governor

Ms. Jacqueline Debets, Executive Director
Humboldt County Workforce Investment Board
520 E Street
Eureka, CA 95501

Dear Ms. Debets:

WORKFORCE INVESTMENT ACT
85-PERCENT PROGRAM REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2008-09

This is to inform you of the results of our review for Program Year (PY) 2008-09 of the Humboldt County Workforce Investment Board's (HCWIB) Workforce Investment Act (WIA) 85-Percent program operations. We focused this review on the following areas: Workforce Investment Board and Youth Council composition, local program monitoring of subrecipients, management information system/reporting, incident reporting, nondiscrimination and equal opportunity, grievance and complaint system, and Youth program operations including WIA activities, participant eligibility, and Youth services.

This review was conducted by Mr. David Jansson from November 17, 2008, through November 21, 2008.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by HCWIB with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2008-09.

We collected the information for this report through interviews with HCWIB representatives, service provider staff, and WIA participants. In addition, this report includes the results of our review of selected case files, HCWIB's response to Section I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2008-09.

We received your response to our draft report on April 27, 2009, and reviewed your comments and documentation before finalizing this report.

Because your response adequately addressed findings number two and number six cited in the draft report, no further action is required and we consider the issues resolved.

Additionally, your response adequately addressed findings number three and number five cited in the draft report, no further action is required at this time. However, these issues will remain open until we verify your implementation of your stated corrective action plan (CAP) during a future onsite review. Until then, these findings are assigned CATS numbers 90106 and 90108 respectively.

Finally, your response did not adequately address finding numbers one and four cited in the draft report and we consider these findings unresolved. We request that HCWIB provide the Compliance Review Office (CRO) with additional information and a CAP to resolve the issues that led to these findings. Therefore, these findings remain open and have been assigned CATS numbers 90104 and 90107 respectively.

BACKGROUND

The HCWIB was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2008-09, HCWIB was allocated: \$436,155 to serve 115 adult participants; \$458,279 to serve 147 youth participants; and \$401,083 to serve 105 dislocated worker participants.

For the quarter ending September 30, 2008, HCWIB reported the following expenditures for its WIA programs: \$36,324 for adult participants; \$79,705 for youth participants; and \$55,751 for dislocated worker participants. In addition, HCWIB reported the following enrollments: 65 adult participants; 73 youth participants; and 72 dislocated worker participants. We reviewed case files for 29 of the 210 participants enrolled in the WIA program as of November 17, 2008.

PROGRAM REVIEW RESULTS

While we conclude that, overall, HCWIB is meeting applicable WIA requirements concerning grant program administration, we noted instances of noncompliance in the following areas: workforce investment board membership, youth council membership, equal opportunity and nondiscrimination participant acknowledgement forms, 90-day gaps in service and follow-up services, and. The findings that we identified in these areas, our recommendations, and HCWIB proposed resolution of the findings are specified below.

FINDING 1

Requirement: WIA Section 117(b)(2)(A)(i-vi) & (B) states, in part, that the composition of the Local Workforce Investment Board (LWIB) must include representatives from business, local educational entities, labor organizations, community based organizations, economic development agencies, and each of the one-stop partners, and others that the Chief Elected Officer determines to be appropriate.

20 CFR 661.315 states, in part, that the local board must select two or more members representing the categories described in WIA Section 117(b)(2)(A)(i-vi) & (B).

California Senate Bill (SB) 293 states, in part, that UI Code 14202 (c) added as required LWIB members representatives of labor organizations nominated by local labor federations, including a representative of an apprenticeship program. At least 15 percent of local board members shall be representatives of labor organizations unless the local labor federation fails to nominate enough members. If this occurs, then at least 10 percent of the local board members shall be representatives of labor organizations. LWIBs shall maintain a business majority.

Observation: We observed that the HCWIB does not have the required number of labor or economic development representatives. Labor representation requires three additional members and economic development is missing one member. Appointments for those two membership areas will require appointments of more business representation to maintain a business majority on the HCWIB.

Recommendation: We recommended that HCWIB provide CRO with a CAP to fill the vacant economic development vacancy and appoint three labor representatives to achieve the 15 percent labor representation while maintaining a business majority. Additionally, we recommended that HCWIB provide CRO with documentation demonstrating these appointments were made.

HCWIB Response: The HCWIB has nominated two union representatives, with the appointment process to be completed by June 30, 2009. Additionally, HCWIB's response addressed the economic development vacancy, but was still in the process of identifying

candidates for consideration and appointment by July 31, 2009. Finally, HCWIB did not address reconsideration of their business majority membership percentage based on the increased number of union representatives.

On October 28, 2009, HCWIB provided CRO a copy of their updated WIB roster which noted the appointment of 2 labor representatives and 2 economic development representatives.

Conclusion:

Based on HCWIB's recent submission of documentation of WIB member appointments, HCWIB has attained 12 percent labor representation, one representative short of the recommended/SB 293 mandated labor percentage of 15 percent. The HCWIB has met the 2 member requirement for economic development representation. Therefore, until HCWIB meets the 15 percent labor representation (or provides documentation to CRO that the local labor federation failed to nominate enough members), this finding remains open and is assigned CATS number 90104.

FINDING 2

Requirement:

WIA Section 117(h)(2) states, in part, that Youth Councils shall include individuals, including former participants, that have experience relating to youth activities.

WIAD06-17 states, in part, that LWIAs are required to amend existing policies and procedures pertaining to youth council membership to include youth who are enrolled in school.

SB 293 changes Youth Council membership by directing the LWIB and local chief elected officer to appoint representatives of youth who are enrolled in school as one area of representation, as well as youth who are out-of-school as a separate area of representation.

Observation:

We observed that the Youth Council does not have a representative of youth who is enrolled in school.

Recommendation:

We recommended that HCWIB provide CRO a CAP to fill the vacancy, as well as a timeline for completing this appointment. Additionally, we recommended that HCWIB provide documentation demonstrating this appointment has been made.

HCWIB Response: The HCWIB's response stated that an application from an in-school youth was received, the candidate was approved for appointment at the April 2, 2009 HCWIB Executive Committee, with the full WIB recommendation sent to the Board of Supervisors on April 17, 2009.

On October 28, 2009, HCWIB provided CRO a copy of their updated Youth Council roster which includes a representative of youth who is enrolled in school.

Conclusion: Based on HCWIB's recent submission of documentation of Youth Council member appointments, HCWIB has attained the recommended representation for the member categories noted in the draft report. Therefore, we consider this finding resolved.

FINDING 3

Requirement: WIA Section 188 states, in part, that the prohibitions against nondiscrimination and equal opportunity provisions prohibit discrimination on the grounds of race, color, religion, sex, national origin, age, disability, political affiliation or belief, and for beneficiaries only, citizenship or participation in a WIA Title 1 financially assisted program or activity. Title 29 CFR Part 37 implements the nondiscrimination and equal opportunity provisions specified in Section 188 of WIA.

29 CFR 37.29(a)(2) states, in part, that a recipient must provide initial and continuing notice that it does not discriminate on any prohibited ground. This notice must be provided to participants.

WSD07-6 states, in part, that initial and continuing notice on nondiscriminatory practices and the right to file a complaint must be included in each participant's case file. A copy of the acknowledgement of receipt must be signed by the participant.

Observation: We observed that five out of 29 participant case files reviewed had no signed participant acknowledgement forms regarding equal opportunity and nondiscrimination policy and procedures.

Recommendation: We recommended that HCWIB provide CRO with a CAP to review each active participant case file to ensure each file contains a signed equal opportunity and nondiscrimination acknowledgement form, including those for the five participants

noted above. Additionally, we recommended that HCWIB provide CRO with a CAP, including a timeline, outlining how they will ensure in the future that each case will include a copy of the equal opportunity and nondiscrimination participant acknowledgement form.

HCWIB Response: The HCWIB response stated, in part, that their administrative staff conducted a sampling of case file reviews and that this discrepancy of missing acknowledgement forms was partially caused by participant files located at two different locations. They also stated that signed copies are not kept at both locations, but they are kept in at least one location. As a result, HCWIB updated their monitoring tools to include a review of subcontractor adherence to the practice of assuring WIA participant files have copies of participant acknowledgement forms at both locations. The HCWIB provided an updated copy of their monitoring tool.

State Conclusion: The HCWIB's stated corrective action should be sufficient to resolve the issue of ensuring copies of the signed acknowledgement forms are in participant case files. However, no copies of the noted five participant's signed acknowledgement forms were provided to CRO as recommended. Therefore, recommend HCWIB provide CRO copies of those requested forms. Also, this issue remains open until we also verify, during a future onsite visit, HCWIB's successful implementation of its stated corrective action and is assigned CATS number 90106.

FINDING 4

Requirement: WIA Section 185(c)(2) states, in part, that each local board and recipient receiving funds shall maintain comparable management information systems (MIS), designed to facilitate the uniform compilation and analysis of programmatic, participant and financial data necessary for monitoring and evaluating purposes.

In addition, WIA Section 185(d)(1)(B) states, in part, that information to be included in reports shall include information regarding the programs and activities in which participants are enrolled, and the length of time that participants are engaged in such programs and activities.

The Department of Labor, Training and Employment Guidance Letter (TEGL) 17-05 states, in part, that the term program exit means a participant has not received a service funded by the program or funded by a partner program for 90 consecutive calendar days, and is not scheduled for future services. The exit date is the last date of service.

Additionally, TEGL 17-05 states, in part, that once a participant has not received any WIA funded or partner services for 90 days (except follow-up services, and there is no planned gap in service or the planned gap in service is for reasons other than those related to health/medical condition and delay in training) that participants must be exited from WIA. The exit date is the last date of WIA funded or partner received services.

Observation: We observed that eight out of 29 case files reviewed included a gap in services greater than 90 days. Specifically, the gaps in service ranged from three to six months.

Recommendation: We recommended that HCWIB provide CRO with a CAP, including a timeline, to ensure in the future, that no more than 90 days will lapse between services provided to WIA participants, or exit the participants as of the last date of receipt of services.

Additionally, we recommended that HCWIB provide CRO with documentation to demonstrate that services are being provided to the eight participants noted above or exit from the WIA program. Further, we recommended that HCWIB review all current case files and take similar action. Once completed, we recommended that HCWIB provide CRO with the results of its review.

HCWIB Response: The HCWIB response stated they were unclear on which youths were specifically deficient regarding follow-up services, and requested a list from CRO listing the affected participants.

State Conclusion: Based on HCWIB's response, we cannot resolve this issue at this time. As requested, we have provided a matrix detailing the names of the youth and the specific issue that require action by the HCWIB. In addition, we recommend that HCWIB carry out the specific recommendations identified above. This finding remains open and is assigned CATS number 90107.

FINDING 5

Requirement: 20 CFR Section 667.300(a) states, in part, that all states and other direct grant recipients must report financial, participant, and performance data in accordance with instructions issued by the Department of Labor.

WIAD04-17 states, in part, that follow-up contact information is mandatory for four quarters after a client's exit unless specified otherwise in the entity's contract. Individuals may be re-evaluated at 30 days after exit and 60 days after exit for local purposes and at the 1st, 2nd, 3rd, or 4th quarter after the client leaves the program. A follow-up contact is a check to determine a client's employment and educational status after exiting the WIA program.

Observation: We observed in five out of eleven participant case files reviewed a lack of documentation of follow-up services during the first quarter after exiting WIA services in June 2008.

Subsequent to our review, HCWIB contacted the five identified participants and provided CRO with documentation of the follow-up services provided to these five participants.

Recommendation: We recommended that HCWIB provide CRO a CAP outlining how it will ensure in the future that follow-up services will occur in a timely manner during the first quarter after exit.

HCWIB Response: The HCWIB's response stated their CAP included presenting best practices information at regularly scheduled monthly Youth Program Operator meetings as a recurrent agenda item. Included in HCWIB's response was an agenda which included "WIA Formula Follow-up Technical Assistance". Additionally, HCWIB stated they would review a case management model that uses a tickler system to identify points of intervention at 30 and 60 days after a participant's exit from the program to ensure timely follow-up.

State Conclusion: The HCWIB's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, HCWIB's successful implementation of its stated corrective action. Until then, this

issue remains open and has been assigned CATS number 90108.

Finding 6

Requirement: 20 CFR 667.630 states, in part, that information and complaints involving criminal fraud, waste, abuse or other criminal activity must be reported immediately through the Department's Incident Reporting System to the DOL Office of Inspector General.

WIAD02-3 states, in part, that lower-tier subrecipients will establish, document, and implement procedures to immediately notify the funding entity of any suspected or proved fraud, abuse or other criminal activity involving WIA-funded activities. Furthermore, reports must include a statement of all facts, known at the time, as well as any known or estimated loss of WIA funds resulting from the incident. If not all the facts are known at the time of the original time of the incident report's submission, the submission of a report should not be delayed even if all the facts are not readily available. In that event, any facts subsequently developed by the subrecipient are to be forwarded in a supplemental incident report.

Observation: We observed that HCWIB's Incident Reporting policy and procedures did not include the requirement to submit an Incident report with all known facts, as well as submitting any supplemental reports upon discovery of any other pertinent facts as they surface.

Recommendation: We recommended that HCWIB provide CRO a CAP to revise their policy and procedures to include the language stated in WIAD02-3 related to filing supplemental Incident Reports when not all facts are known at the time of an incident. Additionally, we recommended HCWIB provide CRO copies of their revised policy and procedures upon completion.

HCWIB Response: The HCWIB response stated they are recommending approval of revised Incident Reporting procedures to the full WIB at the June 2009 WIB meeting. Also included in the response is a copy of the proposed policy and procedure.

November 3, 2009

On October 28, 2009, HCWIB provided CRO a copy of their Incident Reporting policy and procedures, which included the recommended language. We consider this finding resolved.

We provide you up to 20 working days after receipt of this report to submit your response to the Compliance Review Office. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than December 17, 2009. Please submit your response to the following address:

Compliance Monitoring Section
Compliance Review Office
722 Capitol Mall, MIC 22M
P.O. Box 826880
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is HCWIB's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain HCWIB's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Ms. Mechelle Hayes at (916) 645-1292.

Sincerely,



JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: Linda Beattie, MIC 50
Greg Gibson, MIC 50
Daniel Patterson, MIC 45
Jose Luis Marquez, MIC 50